



## ***National Flood Insurance Program: Frequently Asked Questions***

### **Floodplain Management**

**Q: What are the NFIP's accomplishments in terms of reducing flood losses?**

**A:** The National Flood Insurance Program (NFIP) has led to a large reduction in flood damages to new construction. Structures built to NFIP criteria experience 80 percent less damage – structures are damaged less frequently and damages are less severe. It's estimated that NFIP floodplain management requirements save more than \$1 billion per year in reduced flood damages.

For purposes of background, NFIP participation is based on an agreement between communities and the Federal Government. When a community adopts and enforces a floodplain management ordinance to reduce future flood risk to new construction in floodplains, the Federal Government makes flood insurance available within the community to help property owners and renters protect their financial investment against flood losses.

More than 20,000 communities participate in the NFIP and have adopted and are enforcing floodplain management regulations to reduce future flood damages. Approximately three million buildings have been built in accordance with NFIP floodplain management regulations. Prior to the NFIP, only a few States and a small number of communities had floodplain management programs or regulated floodplain construction.

**Q: What roles do FEMA and State and local governments play under the NFIP?**

**A:** By statute, FEMA has a direct relationship with each NFIP community. FEMA is responsible for ensuring that communities adopt compliant floodplain management regulations and enforce those regulations. FEMA is also required to provide technical assistance to help communities understand NFIP requirements. If communities do not adopt compliant regulations or do not enforce their regulations, they can be suspended from the program.

States have a major role to play in coordinating the NFIP and floodplain management within their State. States also provide enabling authority to communities to adopt and enforce floodplain management regulations and are in a unique position to provide technical assistance to their communities. Every State has designated an NFIP State Coordinating Agency. For more than 20 years, the NFIP has provided funding for the States to provide technical assistance to NFIP communities. State agencies provide the majority of this assistance on behalf of FEMA. A number of States also have their own floodplain management programs and own authorities independent of the NFIP.



**Q: What are the requirements for rebuilding in flood-prone areas?**

**A:** Before a property owner can pursue development in the Special Flood Hazard Area (SFHA), a permit must be obtained from the community. The community is responsible for reviewing the proposed development to ensure that it complies with the community's floodplain management ordinance.

In general, NFIP minimum floodplain management regulations require that new construction or substantially improved or substantially damaged existing buildings in SFHA's must have their lowest floor (including basement) elevated to or above the Base Flood Elevation (BFE). Non-residential structures can be either elevated or dry-floodproofed.

In Coastal High Hazard (V) Zones, the building must be elevated on piles and columns. In addition, the bottom of the lowest horizontal structural member of the lowest floor of all new construction, or substantially improved existing buildings, must be elevated to or above the BFE.

**Q: What are "substantially damaged" and the "50 percent rule"?**

**A:** A structure is "substantially damaged" when the cost of restoring the structure to its before damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred.

If the cost to fully repair the structure to its before damaged condition is equal to or greater than 50 percent of that structure's market value before damages, then the structure must be elevated (or floodproofed if it is non-residential) to or above the level of the base flood, and meet other applicable program requirements.

The 50 percent threshold was chosen as a compromise between the extremes of 1) prohibiting all investments in structures in flood hazard areas that don't meet minimum NFIP requirements and 2) allowing structures to be improved in any fashion without regard to the hazard present.

**Q: Who is responsible for determining whether a structure is substantially damaged?**

**A:** Ultimately, the community permit official is responsible for assuring that market value estimates are reasonably accurate and that the cost estimate reasonably reflects actual costs to fully repair the damage. However, the permit official may require that the permit applicant or building owner supply important information such as appraisal information and construction costs estimates. FEMA offers numerous publications and reference materials to help community officials make objective decisions on these matters. These materials provide practical guidance on how to estimate improvement costs and market value, and verify that estimates on permit applications are reasonably accurate.

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**Q: Shouldn't FEMA require local communities to exceed NFIP standards?**

**A:** FEMA encourages States and communities to implement floodplain management programs that exceed minimum NFIP requirements. Many communities have voluntarily adopted more restrictive floodplain ordinances based on their knowledge of local flood conditions or their desire to provide a higher level of protection for their citizens. Communities must also comply with State floodplain management regulations that exceed NFIP criteria.

In addition, the NFIP's Community Rating System (CRS) provides an incentive in the form of discounts on flood insurance premiums for communities that exceed NFIP minimum requirements. More than 1,000 communities participate in CRS, representing nearly two thirds of all NFIP flood insurance policies.

There are 68 participating communities in Alabama, Louisiana, and Mississippi; 62 of these are in areas declared as eligible for disaster assistance and nine CRS communities along the Mississippi Gulf Coast, such as Waveland, were in the direct path of Katrina

**Q: How did FEMA's advisory flood elevations for Mississippi come about?**

In an effort to help communities build stronger and safer in the aftermath of Hurricane Katrina, FEMA reassessed Base Flood Elevations (BFEs) along the Mississippi Gulf Coast and issued advisory flood elevations for Harrison, Jackson, and Hancock Counties. The assessment is based on Hurricane Katrina data, as well as tide and storm data from events that have occurred over the past 25 years. That's when the current Flood Insurance Rate Maps (FIRMs) for those counties were developed. The analysis concludes that coastal base flood elevations depicted on the current FIRMs for these three counties could be 3 to 8 feet too low. The new flood elevations enable State and local officials to make more informed decisions about rebuilding efforts.

**Q: Are communities required to use the advisory flood elevations developed by FEMA?**

**A:** No. A community participating in the NFIP is not required to use the advisory flood elevations. Ordinarily FEMA provides flood data to communities in accordance with a well defined regulatory process. This process involves providing preliminary data, affording an appeals procedure, finalizing the data, and providing a six-month period of time for communities to adopt the data into their local ordinances and codes. FEMA cannot require a community to adopt new data unless the community goes through this process. However, remapping generally takes a minimum of two years from the inception of the restudy until new maps become effective. This latest analysis is an interim product that communities can use during reconstruction.



**Q: What are the benefits to a community adopting the advisory flood elevations?**

**A:** Hurricane Katrina demonstrated the BFE's and flood boundaries on the current FIRM's do not provide an adequate level of protection for new buildings and repairs of substantially damaged buildings. By using the advisory flood elevations communities can assure that new buildings (and repairs of substantially damaged buildings) can be reasonably protected from future flood damage.

Although FEMA cannot require communities to adopt advisory flood elevations, structures built using flood data on the current FIRMs will not be built high enough or have the structural integrity to resist flood forces in future large hurricanes. Using the advisory flood elevations will make the community more disaster resistant.

Another consideration is that flood insurance policies will continue to be rated using the zones and flood elevations on the current effective FIRM. However, because structures built to the advisory flood elevations will be several feet above the BFE on the current FIRM, property owners of those structures will incur substantial savings on flood insurance premiums and be able to take advantage of the lower rates even after a new FIRM becomes effective in the community.

In addition, if a community adopts and enforces the advisory BFEs, and requires a substantially damaged building to be elevated to that elevation, that building would qualify for Increased Cost of Compliance (ICC) coverage provided that it met the other requirements in the policy. ICC would pay the cost of elevating the building to the advisory BFE and the adopted freeboard up to \$30,000. Coverage would also be available if the local ordinance applies those elevations to areas that are currently mapped as B, C, or X zones, or applies V zone construction standards to areas currently mapped as A zones.